

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* ENTERPRISE	County* MISSAUKEE	Type* TOWNSHIP	MuniCode* 57-1-060
Opinion Date-Use Calendar* 8-26-08	Audit Submitted-Use Calendar* 9-23-08	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin)?
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies?
	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ? \$ 46,988.88
General Fund Expenditure:	<input type="checkbox"/> ? \$ 39,569.11
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> ? \$ 70,120.88
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ? \$ 69,730.45

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* MARK	Last Name* CAMPBELL	Ten Digit License Number* 1101007803		
CPA Street Address* 512 N. LINCOLN, STE 100	City* BAY CITY	State* MI	Zip Code* 48708	Telephone* +1 (989) 894-1040
CPA Firm Name* CAMPBELL, KUSTERER	Unit's Street Address* 11653 BURNS ROAD	Unit's City* MERRITT	Unit's Zip* 49667	

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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BAY CITY, MICHIGAN 48707

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INDEPENDENT AUDITOR'S REPORT

August 26, 2008

To the Township Board
Township of Enterprise
Missaukee County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Enterprise, Missaukee County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Enterprise's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Enterprise, Missaukee County, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Township of Enterprise covers the Township's financial performance during the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2008, totaled \$210,556.66 for governmental activities. Overall total capital assets remained the same.

Overall revenues were \$98,120.85. Governmental activities had a \$34,390.60 increase in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, the Fire Fund, the Road Fund, and the Building Fund.

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan
CONDENSED FINANCIAL INFORMATION
For the year ended March 31, 2008

	<u>Total Governmental Activities 2008</u>
Current Assets	188 244
Capital Assets	<u>94 552</u>
Total Assets	<u>282 796</u>
Current Liabilities	2 509
Non-current Liabilities	<u>69 730</u>
Total Liabilities	<u>72 239</u>
Net Assets:	
Invested in Capital Assets	24 822
Unrestricted	<u>185 735</u>
Total Net Assets	<u><u>210 557</u></u>

	<u>Total Governmental Activities 2008</u>
Program Revenues:	
Fees and Charges for Services	5 463
General Revenues:	
Property Taxes	67 310
Swamp Tax	6 370
State Revenue Sharing	14 675
Interest	<u>4 303</u>
Total Revenues	<u>98 121</u>
Program Expenses:	
Legislative	8 034
General Government	29 582
Public Safety	20 552
Public Works	1 975
Interest on Long-Term Debt	<u>3 587</u>
Total Expenses	<u>63 730</u>
Increase in Net Assets	34 391
Net Assets, April 1	<u>176 166</u>
Net Assets, March 31	<u><u>210 557</u></u>

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, the Fire Fund, the Road Fund, and the Building Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains stable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$39,569.11.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities did not invest in capital assets this year.

The Township paid \$9,112.63 in principal on long-term debt this year.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township at 11653 Burns Road, Merritt, MI 49667.

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	179 819 92
Taxes receivable	<u>8 424 30</u>
Total Current Assets	<u>188 244 22</u>
NON-CURRENT ASSETS:	
Capital Assets	98 937 95
Less: Accumulated Depreciation	<u>(4 386 00)</u>
Total Non-current Assets	<u>94 551 95</u>
TOTAL ASSETS	<u>282 796 17</u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>2 509 06</u>
Total Current Liabilities	<u>2 509 06</u>
NON-CURRENT LIABILITIES:	
Contract payable	<u>69 730 45</u>
Total Non-current Liabilities	<u>69 730 45</u>
Total Liabilities	<u>72 239 51</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	24 821 50
Unrestricted	<u>185 735 16</u>
Total Net Assets	<u>210 556 66</u>
TOTAL LIABILITIES AND NET ASSETS	<u>282 796 17</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	8 034 01	-	(8 034 01)
General government	29 581 86	5 463 01	(24 118 85)
Public safety	20 552 26	-	(20 552 26)
Public works	1 974 75	-	(1 974 75)
Interest on long-term debt	<u>3 587 37</u>	<u>-</u>	<u>(3 587 37)</u>
Total Governmental Activities	<u>63 730 25</u>	<u>5 463 01</u>	<u>(58 267 24)</u>
General Revenues:			
Property taxes			67 309 50
Swamp tax			6 369 70
State revenue sharing			14 675 31
Interest			<u>4 303 33</u>
Total General Revenues			<u>92 657 84</u>
Change in net assets			34 390 60
Net assets, beginning of year			<u>176 166 06</u>
Net Assets, End of Year			<u>210 556 66</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2008

	<u>General</u>	<u>Fire</u>	<u>Road</u>
<u>Assets</u>			
Cash in bank	66 673 75	-	111 014 97
Taxes receivable	2 834 15	2 509 06	1 936 87
Due from other funds	<u>612 98</u>	<u>-</u>	<u>-</u>
Total Assets	<u>70 120 88</u>	<u>2 509 06</u>	<u>112 951 84</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts payable	<u>-</u>	<u>2 509 06</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>2 509 06</u>	<u>-</u>
Fund equity:			
Fund balances:			
Unreserved:			
Undesignated	<u>70 120 88</u>	<u>-</u>	<u>112 951 84</u>
Total fund equity	<u>70 120 88</u>	<u>-</u>	<u>112 951 84</u>
Total Liabilities and Fund Equity	<u>70 120 88</u>	<u>2 509 06</u>	<u>112 951 84</u>

The accompanying notes are an integral part of these financial statements.

<u>Building</u>	<u>Total</u>
1 518 22	179 206 94
1 144 22	8 424 30
-	612 98
<u>2 662 44</u>	<u>188 244 22</u>
-	2 509 06
-	2 509 06
<u>2 662 44</u>	<u>185 735 16</u>
<u>2 662 44</u>	<u>185 735 16</u>
<u>2 662 44</u>	<u>188 244 22</u>

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS 185 735 16

Amounts reported for governmental activities in the statement of
net assets are different because –

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the governmental funds balance sheet:

Capital assets at cost	98 937 95
Accumulated depreciation	(4 386 00)

Long-term debt liabilities are not due and payable in the current period and
therefore are not reported in the governmental funds

Contract payable	<u>(69 730 45)</u>
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TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>210 556 66</u></u>
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TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2008

	<u>General</u>	<u>Fire</u>	<u>Road</u>
Revenues:			
Property taxes	20 284 71	20 267 26	13 775 09
Swamp tax	6 369 70	-	-
State revenue sharing	14 675 31	-	-
Charges for services – PTAF	5 463 01	-	-
Interest	196 15	-	4 107 18
	<u>46 988 88</u>	<u>20 267 26</u>	<u>17 882 27</u>
Total revenues			
Expenditures:			
Legislative:			
Township Board	8 034 01	-	-
General government:			
Supervisor	3 905 84	-	-
Elections	400 00	-	-
Assessor	7 248 45	-	-
Clerk	4 762 40	-	-
Board of Review	900 00	-	-
Treasurer	4 818 98	-	-
Building and grounds	2 284 54	-	-
Unallocated	3 068 65	-	-
Public safety:			
Fire protection	285 00	20 267 26	-
Public works:			
Highways and streets	-	-	613 51
Sanitation	1 361 24	-	-
Debt service	2 500 00	-	-
	<u>39 569 11</u>	<u>20 267 26</u>	<u>613 51</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	7 419 77	-	17 268 76
Fund balances, April 1	62 701 11	-	95 683 08
Fund Balances, March 31	<u>70 120 88</u>	<u>-</u>	<u>112 951 84</u>

The accompanying notes are an integral part of these financial statements.

<u>Building</u>	<u>Total</u>
12 982 44	67 309 50
-	6 369 70
-	14 675 31
-	5 463 01
-	4 303 33
<u>12 982 44</u>	<u>98 120 85</u>
-	8 034 01
-	3 905 84
-	400 00
-	7 248 45
-	4 762 40
-	900 00
-	4 818 98
-	2 284 54
120 00	3 188 65
-	20 552 26
-	613 51
-	1 361 24
<u>10 200 00</u>	<u>12 700 00</u>
<u>10 320 00</u>	<u>70 769 88</u>
2 662 44	27 350 97
-	158 384 19
<u>2 662 44</u>	<u>185 735 16</u>

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 27 350 97

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(2 073 00)
Capital Outlay	-

Repayment of debt principal is an expenditure in the governmental funds, the
repayment does not have an effect in the statement of activities but does
reduce the debt balance in the statement of net assets.

Principal payments on long-term debt	<u>9 112 63</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>34 390 60</u></u>
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TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Enterprise, Missaukee County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Enterprise. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was 4.994 mills, and the taxable value was \$12,999,829.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$2,500.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building	50 years
Equipment	20 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>179,819.92</u>
Amounts in the bank balances are without considering deposits in transit or uncleared checks.	
	<u>Bank Balances</u>
Insured (FDIC)	181,359.89
Uninsured and Uncollateralized	-
Total Deposits	<u>181,359.89</u>

The Township did not have any investments at March 31, 2008.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 3 – Deposits and Investments (continued)

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
<u>Governmental Activities:</u>				
Land	2 500 00	-	-	2 500 00
Building	91 637 95	-	-	91 637 95
Equipment	4 800 00	-	-	4 800 00
 Total	 98 937 95	 -	 -	 98 937 95
Accumulated Depreciation	(2 313 00)	(2 073 00)	-	(4 386 00)
Net Capital Assets	96 624 95	(2 073 00)	-	94 551 95

Note 5 – Changes in General Long-Term Debt

A summary of changes in general long-term debt follows:

	Balance 4/1/07	Additions	Deductions	Balance 3/31/08
Building contract payable	78 843 08	-	9 112 63	69 730 45
Totals	78 843 08	-	9 112 63	69 730 45

Note 6 – Building Contract Payable

On October 17, 2006, the Township obtained financing in the amount of \$80,802.00 to partially fund a new Township Hall. The installment purchase agreement requires monthly payments of \$850.00 including principal and interest at the rate of 4.79% per annum. As of March 31, 2008, the outstanding principal balance was \$69,730.45.

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 7 – Pension Plan

The Township has a retirement plan covering all full-time employees of the Township. Under the plan, the Township contributes amounts based on the employee's annual earnings. The Township's retirement payments were \$1,819.60 during the fiscal year ended March 31, 2008.

Note 8 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 9 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 10 – Building Permits

The Township of Enterprise does not issue building permits. Building permits are issued by an organization named "Township Code Enforcement."

Note 11 – Budget Variances

During the fiscal year ended March 31, 2008, the Township incurred the following budget variances:

<u>Fund/Activity</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Budget Variance</u>
Fire:			
Fire protection	19 600 00	20 267 26	667 26

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	19 600 00	19 600 00	20 284 71	684 71
Swamp tax	6 400 00	6 400 00	6 369 70	(30 30)
State revenue sharing	14 600 00	14 600 00	14 675 31	75 31
Charges for services:				
Property tax administration	1 100 00	1 100 00	5 463 01	4 363 01
Interest	300 00	300 00	196 15	(103 85)
Total revenues	<u>42 000 00</u>	<u>42 000 00</u>	<u>46 988 88</u>	<u>4 988 88</u>
Expenditures:				
Legislative:				
Township Board	9 790 00	9 790 00	8 034 01	(1 755 99)
General government:				
Supervisor	4 240 00	4 240 00	3 905 84	(334 16)
Elections	400 00	400 00	400 00	-
Assessor	7 400 00	7 400 00	7 248 45	(151 55)
Clerk	5 100 00	5 100 00	4 762 40	(337 60)
Board of Review	1 200 00	1 200 00	900 00	(300 00)
Treasurer	4 900 00	4 900 00	4 818 98	(81 02)
Building and grounds	3 500 00	3 500 00	2 284 57	(1 215 46)
Unallocated	3 500 00	3 500 00	3 068 65	(431 35)
Public safety:				
Fire	540 00	540 00	285 00	(255 00)
Public works:				
Sanitation	1 500 00	1 500 00	1 361 24	(138 76)
Debt service	<u>2 500 00</u>	<u>2 500 00</u>	<u>2 500 00</u>	<u>-</u>
Total expenditures	<u>44 570 00</u>	<u>44 570 00</u>	<u>39 569 11</u>	<u>(5 000 89)</u>
Excess (deficiency) of revenues over expenditures	(2 570 00)	(2 570 00)	7 419 77	9 989 77
Fund balance, April 1	<u>2 570 00</u>	<u>2 570 00</u>	<u>62 701 11</u>	<u>60 131 11</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>70 120 88</u>	<u>70 120 88</u>

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	<u>19 600 00</u>	<u>19 600 00</u>	<u>20 267 26</u>	<u>667 26</u>
Total revenues	<u>19 600 00</u>	<u>19 600 00</u>	<u>20 267 26</u>	<u>667 26</u>
Expenditures:				
Public safety:				
Fire protection	<u>19 600 00</u>	<u>19 600 00</u>	<u>20 267 26</u>	<u>667 26</u>
Total expenditures	<u>19 600 00</u>	<u>19 600 00</u>	<u>20 267 26</u>	<u>667 26</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balance, April 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, March 31	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

BUDGETARY COMPARISON SCHEDULE – ROAD FUND
Year ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	13 070 00	13 070 00	13 775 09	705 09
Interest	<u>500 00</u>	<u>500 00</u>	<u>4 107 18</u>	<u>3 607 18</u>
Total revenues	<u>13 570 00</u>	<u>13 570 00</u>	<u>17 882 27</u>	<u>4 312 27</u>
Expenditures:				
Public works:				
Highways and streets	<u>91 294 00</u>	<u>91 294 00</u>	<u>613 51</u>	<u>(90 680 49)</u>
Total expenditures	<u>91 294 00</u>	<u>91 294 00</u>	<u>613 51</u>	<u>(90 680 49)</u>
Excess (deficiency) of revenues over expenditures	(77 724 00)	(77 724 00)	17 268 76	94 992 76
Fund balance, April 1	<u>77 724 00</u>	<u>77 724 00</u>	<u>95 683 08</u>	<u>17 959 08</u>
Fund Balance, March 31	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>112 951 84</u></u>	<u><u>112 951 84</u></u>

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

BUDGETARY COMPARISON SCHEDULE – BUILDING FUND
Year ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	<u>13 070 00</u>	<u>13 070 00</u>	<u>12 982 44</u>	<u>(87 56)</u>
Total revenues	<u>13 070 00</u>	<u>13 070 00</u>	<u>12 982 44</u>	<u>(87 56)</u>
Expenditures:				
General government:				
Unallocated	2 502 00	2 502 00	120 00	(2 382 00)
Debt service	<u>13 070 00</u>	<u>13 070 00</u>	<u>10 200 00</u>	<u>(2 870 00)</u>
Total expenditures	<u>15 572 00</u>	<u>15 572 00</u>	<u>10 320 00</u>	<u>(5 252 00)</u>
Excess (deficiency) of revenues over expenditures	(2 502 00)	(2 502 00)	2 662 44	5 164 44
Fund balance, April 1	<u>2 502 00</u>	<u>2 502 00</u>	<u>-</u>	<u>(2 502 00)</u>
Fund Balance, March 31	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>2 662 44</u></u>	<u><u>2 662 44</u></u>

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2008

	<u>Balance</u> <u>4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/08</u>
<u>Assets</u>				
Cash in bank	31 53	415 475 96	414 894 51	612 98
Total Assets	<u>31 53</u>	<u>415 475 96</u>	<u>414 894 51</u>	<u>612 98</u>
<u>Liabilities</u>				
Due to other funds	31 53	69 202 74	68 621 29	612 98
Due to other units	<u>-</u>	<u>346 273 22</u>	<u>346 273 22</u>	<u>-</u>
Total Liabilities	<u>31 53</u>	<u>415 475 96</u>	<u>414 894 51</u>	<u>612 98</u>

TOWNSHIP OF ENTERPRISE
Missaukee County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended March 31, 2005

Cash in bank – beginning of year	<u>31 53</u>
Cash receipts:	
Property tax	411 418 09
Property tax administration fees	<u>4 057 87</u>
Total cash receipts	<u>415 475 96</u>
Total beginning balance and cash receipts	<u>415 507 49</u>
Cash disbursements:	
Township General Fund	30 214 14
Township Fire Fund	19 922 26
Township Road Fund	12 850 66
Township Building Fund	5 634 23
Missaukee County	162 328 92
Lake City School District	5 941 15
Kirtland Community College	26 020 50
COOR Intermediate School District	11 428 64
Houghton Lake School District	130 557 47
Wexford Missaukee Intermediate School District	2 704 78
Houghton Lake Library	6 837 89
Missaukee Library	104 34
Refunds	<u>349 53</u>
Total cash disbursements	<u>414 894 51</u>
Cash in Bank – End of Year	<u><u>612 98</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
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BAY CITY, MICHIGAN 48707

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

August 26, 2008

To the Township Board
Township of Enterprise
Missaukee County, Michigan

We have audited the financial statements of the Township of Enterprise for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Enterprise in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Enterprise
Missaukee County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants